

# REGULATIONS FOR MANAGEMENT OF HCFC CONSUMPTION

19 articles promulgated by Environmental Protection Administration Order  
Huan-Shu-Kong-Tzu No. 0920002417 on January 15, 2003

25 articles and revisions promulgated by Environmental Protection Administration Order  
Huan-Shu-Kong-Tzu No. 0960032941 on May 4, 2007

26 articles and revisions promulgated by Environmental Protection Administration Order  
Huan-Shu-Kong-Tzu No. 0980067964 on August 5, 2009

Partial revisions to Articles promulgated by Environmental Protection Administration Order  
Huan-Shu-Kong-Tzu No. 1030087346 on October 23, 2014

Article 1 This Regulation is formulated pursuant to the provisions of Paragraph 2, Article 30, of the Air Pollution Control Act (hereinafter referred to as the "Act").

Article 2 Definitions of terms used in these Regulations:

1. "HCFCs" refers to a group of controlled substances listed in Group I of Annex C to the Montreal Protocol, and that also have been publicly announced by the central competent authority. They include their isomers, whether alone or in a mixture, and whether they are virgin, recovered, recycled or reclaimed, but exclude the products and equipment containing such substances except the containers used for the transportation or storage.
2. "Production" refers to the amount of national HCFCs produced, minus the amount of recycled or used as feedstock in the manufacturing process and minus the destroyed amount by technologies approved by the Montreal Protocol. But the amount of recycled and reused is not considered as "production".
3. "Consumption" refers to production plus imports minus exports of HCFCs.
4. "Ozone Depleting Potential Tonnes, hereinafter an abbreviation used for this term is ODP tonnes" refers to the calculation of any HCFCs measured in metric tons multiplied by its respective ODP value listed in Group 1 of Annex C to the Montreal Protocol.
5. "User" refers to any entity that uses HCFCs in product manufacturing or equipment maintenance.
6. "Supplier" refers to entity that imports or produces HCFCs to users or retail vendors.
7. "Implementing Record" refers to record amount of HCFCs consumed by users; cleared import declaration of importers; or produced by producers with recognized records and verified by central competent authorities.
8. "Recovery" refers to the act of extracting, collecting and assembles of HCFCs from the machinery, equipment or containers.

9. "Reuse" refers to the act of using HCFCs again after filtering and dehydrating in basic purification process.

Article 3

The national baseline consumption level of HCFCs is set at 638.156 ODP tonnes. The HCFCs consumption reductions timeline and cap value for each calendar year are listed as follows,

1. For the twelve-month period commencing on 1<sup>st</sup> January 2004, and in each twelve-month period thereafter, the calculated level of consumption of HCFCs shall not exceed 65% of the baseline consumption level, which is 414.801 ODP tonnes.
2. For the twelve-month period commencing on 1<sup>st</sup> January 2010, and in each twelve-month period thereafter, the calculated level of consumption of HCFCs shall not exceed 25% of the baseline consumption level, which is 159.539 ODP tonnes.
3. For the twelve-month period commencing on 1<sup>st</sup> January 2015, and in each twelve-month period thereafter, the calculated level of consumption of HCFCs shall not exceed 10% of the baseline consumption level, which is 63.816 ODP tonnes.
4. For the twelve-month period commencing on 1<sup>st</sup> January 2020, and in each twelve-month period thereafter, the calculated level of consumption of HCFCs shall not exceed 0.5% of the baseline consumption level, which is 3.191 ODP tonnes, and such consumption shall be restricted to the servicing of existing refrigeration and air conditioning equipment at this period.
5. Commencing on 1<sup>st</sup> January 2030, the calculated level of consumption of HCFCs shall not exceed zero.

Article 4

The national baseline production level of HCFCs is set at 638.156 ODP tonnes. The HCFCs production control timeline reductions timeline and cap value for each calendar year are listed as follows:

1. For the twelve-month period commencing on 1<sup>st</sup> January 2004 and in each year thereafter, the calculated cap level of production of HCFCs shall not exceed the baseline production level.
2. For the twelve-month period commencing on 1<sup>st</sup> January 2010 and in each year thereafter, the calculated cap level of production of HCFCs shall not exceed 25% of the baseline production level, which is 159.539 ODP tonnes.
3. For the twelve-month period commencing on 1<sup>st</sup> January 2015 and in each year thereafter, the calculated cap level of production of HCFCs shall not exceed 10% of the baseline production level, which is 63.816 ODP tonnes.
4. For the twelve-month period commencing on 1<sup>st</sup> January 2020 and in each year thereafter, the calculated cap level of production of HCFCs shall not exceed 0.5% of the baseline production level, which is 3.191 ODP tonnes, and such production shall be restricted to the servicing on existing refrigeration and air conditioning equipment during this period.
5. Commencing on 1<sup>st</sup> January 2030, the calculated level of

consumption of HCFCs shall not exceed zero.

Any supplier that produces HCFCs shall provide to the central competent authority, by the end of January and July of each year, its forthcoming 6 months production scheme which includes the amount of HCFCs produced, amount of HCFCs used as feedstock in the manufacture process for other chemicals, and the export amount.

Article 5 Importation of HCFCs is forbidden unless permitted by central competent authority.

The importing and exporting of HCFCs is limited to states or regions that are in compliance with the control measures of the Montreal Protocol and its amendments, and have been approved and publicly announced by the central competent authority.

Article 6 The controlled HCFCs application and timeline are listed as follows,

1. User of applying HCFCs as a foaming agent:
  - (1) Commencing on 1st January 2011, manufacturing polyurethane (PU) shall be forbidden to use HCFC-141b.
  - (2) Commencing on 1st January 2015, quota allocations of HCFCs shall stop. Commencing on 1st January 2016, using HCFCs shall be forbidden.
2. User of applying HCFCs as a solvent (including for production and cleaning process):
  - (1) Commencing on 1st January 2011, using HCFC-141b shall be forbidden.
  - (2) Commencing on 1st January 2020, using HCFCs shall be forbidden.
3. User of applying HCFCs as a refrigerant:
  - (1) Commencing on 1st January 2011, applying HCFC-22 as a refrigerant in new manufactured window-type air conditioners (including split-type) below 7.1 kW shall be forbidden.
  - (2) Commencing on 1st January 2015, users that apply HCFC-22 as a refrigerant in new manufactured refrigeration equipment, air conditioners and new construction shall be suspended to receive HCFC-22 quotas; commencing on 1st January 2016, applying HCFC-22 as a refrigerant in new manufactured refrigeration equipment, air conditioners and new construction shall be forbidden.
  - (3) Commencing on 1st January 2020, applying HCFCs as a refrigerant in new manufactured refrigeration equipment, air conditioners and new construction shall be forbidden.
4. Commencing on 1st January 2010, applying HCFCs as the spray propellant shall be forbidden.

In addition to the circumstances of Item 1-(2) and Item 3-(2), the central competent authority shall stop allocating HCFCs to users who apply on controlled utilization from commencing date.

Article 7 Commencing on the aforementioned date of stopping allocating, products or equipment using in manufacturing process or containing aforementioned controlled HCFCs shall not be imported without permission. The recognition of the importation is subjected to the date of products shipped on board.

Article 8 Commencing on 23rd October 2014, new HCFCs users and suppliers must submit the following documents to the central competent authority to apply for quotas before the end of July in each calendar year,

1. A photocopy of company registration documents, importers shall also attach a photocopy of importer/exporter qualifications.
2. A certificate of factory registration. Refrigeration and air conditioning businesses shall also attach a photocopy of their refrigeration and air conditioning engineering business registration license, and a photocopy of member certificate of Refrigeration and Air Conditioning Engineering Industry Association. Importers do not have to submit above documents.
3. Record documents verifying the import or actual HCFCs consumed by the applicant from January to June of the same year.
4. Other documents as specified by the central competent authority

If any application documents are incomplete or not in compliance with regulations, the applicant shall submit the required documents within the time frame specified by the central competent authority. Any application that is not complete or corrected within the specified time frame will be rejected.

Entity that receives the qualification of quota allocation shall report to the central competent authority when the company name, address, or principal changes by submitting the changed documents that stated in Item 1 and Item 2, instead of re-apply for quota allocation qualification.

The central competent authority shall cancel the quota allocation qualification of any entity whose actual consumption of HCFCs is zero for two consecutive years. Any applicant whose allocation qualification was cancelled shall refer to Paragraph 1 when re-apply the allocation qualification.

Article 9 The central competent authority shall reserve 10% of the HCFCs cap value in each calendar year for requirements in national development, national defense and the military, and emergencies.

The aforementioned useable quota for a given year is the calculated consumption cap level minus the reserved quota for that year, and shall be allocated to the qualified users on the priority basis. The remained useable quota shall be allocated to the qualified suppliers according to the proportional basis calculated by their actual importation records.

For an entity with newly qualified application, the HCFCs quota shall be allocated with annual remaining national HCFCs consumption.

Article 10 Before the end of October in each year, the central competent authority shall calculate and examine the preliminary annual HCFCs quota allocation, and the allocation quota of the first half year for the following year of each applicant.

The standards used to calculate the aforementioned preliminary annual HCFCs quota are as follows:

1. For entity that has received quota in the previous year: The sum of its actual consumption reported for the first half year, plus the allocation quota for the second half year of the current year.
2. For entity newly applying for quota: Double the amount imported or actually consumed from January to June of the current year.

Article 11 Before the end of April in each year, the central competent authority shall calculate and examine the actual annual HCFCs quota allocation, excess quota allocation, and the allocation quota of the second half year for the current year of each applicant.

The actual annual HCFCs quota allocation for each applicant is calculated according to the sum of its reported actual HCFCs consumption in the previous year.

The excess quota allocation is calculated according to the sum of verifiable recycled HCFCs amount as an evaluation baseline. The central competent authority may consider the excess quota condition of HCFCs allocation and allocate the remaining annual national HCFCs consumption proportionally.

Article 12 Any entity with a HCFCs quota allocation permit issued by the central competent authority may apply, or commission an importer to apply for an import permit on HCFCs to the Board of Foreign Trade, Ministry of Economic Affairs,. The importation of such goods shall be completed within the current and effective period.

Any entity with a HCFCs quota allocation permit issued by the central competent authority may produce, or commission a manufacturer to produce HCFCs. The withdrawal of such goods shall be completed within the current and effective period.

If the goods, as aforementioned, are not imported or withdrawal from domestically acquired during the current and effective period; the entity also does not apply to the central competent authority for a permit extension, the central competent authority shall withdraw the allocated quota of that period.

Article 13 An user shall not place its quotas acquired in the market or transfer to others through any type of business deals. If violated, the central competent authority shall revoke the qualification in receiving HCFCs quota from the entity concerned

A supplier may transfer its quota to other suppliers from approval of the central competent authority. In the event a supplier transfers its quota without approval, the central competent authority shall subtract its actual annual quota for the following year by double the transferred amount, or revoke the HCFCs quota qualifications.

Article 14 Any entity with a quota allocation that needs to change the name of the goods, source of the goods, or to relinquish its quota allocation, shall apply to the central competent authority for approval.

Article 15 Deleted.

Article 16 Any user with quota allocations shall prepare the following proof documents of consumption and submit them to the central competent authority before the end of January, April, July, and October each year. The documents shall be including names and amount of HCFCs purchased in prior season, use amount, the application way of HCFCs, stock volume, and any other detailed information that the central competent authority required. The user has the responsibility to offer related verifiable proof documents.

Any supplier with quota allocations shall prepare the following proof documents of consumption and submit them to the central competent authority before the end of January, April, July, and October each year. The documents shall be including names and amount of HCFCs imported or produced in prior season, sales volume, stock volume, and any other detailed information that the central competent authority required. The supplier has the responsibility to offer related verifiable proof documents.

Failure to submit in time or without submitting proof documents shall be deemed as non-acquisition of HCFCs execution records.

If any report documents are incomplete or not in compliance with the regulations, the entity concerned shall submit the required documents within the specified time frame set by the central competent authority. Failure to do so within the specified time frame shall be deemed as not having submitted a report.

Article 17 The suppliers shall submit reports to the central competent authority according to Article 16, Paragraph 2 for reporting HCFCs execution records. The suppliers shall also report to the central competent authority with their name lists of retail vendors, basic information, sale object, the application purposes, and corresponding products' name and sales volumes.

Only the suppliers and retail vendors who have applied in compliance with the aforementioned Paragraph 1 can place HCFCs as goods on the market.

The aforementioned activities of placing HCFCs on the market shall be recorded and kept for inspection for at least 5 years.

Article 18 The central competent authority shall review the integrity and content of the submitted documents when receives applications for quota-receiving qualification and for declaring actual clearance of quota. The review shall be completed within 90 days after the application deadline.

The central competent authority may invite specialists, scholars, or relevant government agency representatives to perform related review.

Article 19 Deleted.

Article 20 Any entity shall apply recycle or reuse equipment while refilling , dismantling and replacing refrigerant for systems or facilities that containing HCFCs. However, for in-situ site that is deemed to without proper operation space could be exempted from this regulation.

The aforementioned recovery or reuse equipment shall have the capacity to achieve the requirements as follow:

1. The recycle equipment shall have ability to reduce the pressure of the system or facility that containing HCFCs to below 102 mmHg after the refrigerant was extracted.
2. The reuse equipment shall have the capacity function to recycle the refrigerant from the system or facility; it also shall have abilities to separate with impure substances of moisture, lubricant oil and air as concentration below 20 ppm (parts per million) by weight, 0.01% by volume and 1.5% by volume, respectively.

Article 21 The applying of recycle or reuse equipment shall implement rationale practices listed below:

1. Equipment shall be inspected and checked if there is leakage of HCFCs refrigerant from the system or facility, if found leaking, the system or facility shall be repaired before filling.
2. The container shall be clearly labeled the type of HCFCs for storing recycled refrigerant.
3. The recycle or reuse equipment shall maintain and service regularly.

The operations implemented according to aforementioned of this article shall be recorded and kept for inspection for at least 5 years.

Article 22 Any importation of HCFCs without following this regulation and receiving permit, the entity shall be responsible for returning the shipment back to its original exporting country according to the time frame specified by the Customs Act.

Article 23 For those forfeit HCFCs, the central competent authority should appoint or commission the specialized institutions or entities for conducting HCFCs recovery, purification, recycle, temporary storage and destruction.

Article 24 Whoever violate demands stipulated in Article 6 Paragraph 1 shall be punished in accordance with Article 59 Paragraph 1 of this Act. In addition, the central competent authority may deduct its quota. If necessary, the central competent authority may cancel its qualification and stop its application for qualification for one year.

Article 25 The central competent authority shall draw up format of documents related to this regulation.

Article 26 These Regulations shall take effect from the date of promulgation.